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IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 72-735

FILTROL CORPORATION and TEXACO INC.,
Petitioners,

v.

THE HONORABLE ROBERT J. KELLEHER
UNITED STATES DISTRICT JUDGE,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

WILLIAM K. KERR
Attorney for Petitioners
277 Park Avenue
New York, New York 10017

November 17, 1972

TABLE OF CONTENTS

	PAGE
Opinion Below	1
Jurisdiction of this Court	2
Questions Presented for Review	2
Statement of the Case	2
The Nature of the Case	2
Statement of the Facts	3
Jurisdiction of the Courts Below	6
Argument	7
1. The Court of Appeals Sanctioned a Clear Abuse of Discretion	7
2. The Court of Appeals Departed from the Accepted and Usual Course of Judicial Proceedings When It Elected to Express No Opinion on a Question of First Impression Regarding a Significant Problem of Judicial Administration	13
Conclusion	16
Appendix	1A
Opinion of Court of Appeals (September 21, 1972)	1A
Order of Respondent (March 24, 1972)	10A
Petition for Writ of Mandamus (April 12, 1972)	12A
Order of Court of Appeals Staying Trial Pending Determination of Petition for Writ of Mandamus (April 17, 1972)	14A

TABLE OF AUTHORITIES

Cases

PAGE

ACF Industries, Incorporated v. *Guinn*, 384 F. 2d 15 (5 Cir. 1967) 9n

Blonder-Tongue v. *University Foundation*, 402 U. S. 313 (1971) 2, 4, 7, 8, 9, 10, 11n, 12, 13, 14, 16

Helene Curtis Industries v. *Sales Affiliates*, 247 F. 2d 940 (2 Cir. 1957) 5

In re Ellsberg, 446 F. 2d 954 (1 Cir. 1971) 14

Investment Properties International, Ltd. v. *IOS, Ltd.*, 459 F. 2d 705 (2 Cir. 1972) 14

La Buy v. *Howes Leather Co.*, 352 U. S. 249 (1957) 13

Mills Alloys v. *Stoody Co.*, 94 F. 2d 413 (9 Cir. 1938) 5

Will v. *United States*, 389 U. S. 90 (1967) 13

United States v. *United States Dist. Ct. for E. D. of Mich.*, 444 F. 2d 651 (6 Cir. 1971), affirmed 407 U. S. 297 (1972) 15

Other Authorities

28 U. S. C. § 1254(1) 2

28 U. S. C. § 1292(b) 6

28 U. S. C. § 1338(a) 7

28 U. S. C. § 1651(a) 7

35 U. S. C. § 135(a) 9n

35 U. S. C. § 281 7

Rule 21(b), F. R. A. P. 6

Emphasis is ours throughout.

IN THE

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No. _____

FILTROL CORPORATION and TEXACO INC.,
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THE HONORABLE ROBERT J. KELLEHER
UNITED STATES DISTRICT JUDGE,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners Filtrol Corporation (Filtrol) and Texaco Inc. (Texaco) pray that a writ of certiorari issue to review a decree of the United States Court of Appeals for the Ninth Circuit. The decree of the Court of Appeals denied a petition for a writ of mandamus directing respondent, the Honorable Robert J. Kelleher, United States District Judge, to stay trial of an action for alleged infringement of three patents, pending a decision on the merits in an earlier-tried action involving two of the three patents. The earlier-tried action was at the time of the decree and now is *sub judice.*

OPINION BELOW

The opinion of the Court of Appeals is reported at 175 USPQ 400. It is printed at pages 1A-9A of the appendix to this petition.

JURISDICTION OF THIS COURT

The decree of the Court of Appeals was entered on September 21, 1972. Jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED FOR REVIEW

1. Whether the Court of Appeals sanctioned a clear abuse of discretion, and thus a departure from the accepted and usual course of judicial proceedings, when it did not issue a writ of mandamus directing respondent to stay trial in an action for alleged infringement of three closely-related patents, pending decision on the merits in an earlier-tried action involving two of the three patents which was at the time of petitioners' application for a stay and now is *sub judice.*

2. Whether the Court of Appeals departed from the accepted and usual course of judicial proceedings when it elected to "express no opinion on whether the [respondent's] order [denying petitioners' application for a stay] was in fact the optimal balance of the various competing factors," even though the propriety of respondent's order raised a significant question with respect to proper judicial administration, taking into account this Court's decision in *Blonder-Tongue* v. *University Foundation,* 402 U. S. 313 (1971).

STATEMENT OF THE CASE

The Nature of the Case

This petition seeks review of a decree of the Court of Appeals for the Ninth Circuit, which denied a petition for a writ of mandamus filed by Filtrol and Texaco in the Court of Appeals on April 12, 1972.

Filtrol's and Texaco's petition for a writ of mandamus was generated by proceedings in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* two consolidated civil actions in the United States District Court for the Central District of California, and by the relationship between the issues and proceedings in those actions and the issues and proceedings in *Mobil Oil Corporation* v. *W. R. Grace & Company,* a civil action in the United States District Court for the District of Connecticut.

In the actions pending in California (the consolidated California actions), Mobil Oil Corporation alleges infringement by Filtrol and Texaco* of three patents. In the action pending in Connecticut (the Connecticut action), Mobil alleges infringement by W. R. Grace & Company of two of the patents asserted by Mobil in the consolidated California actions, plus another Mobil patent in the same field.

Statement of the Facts

On November 16, 1964, Mobil commenced Civil Action 64-1572 by filing a complaint in the United States District Court for the Southern District of California, Central Division (now the United States District Court for the Central District of California). Mobil's complaint averred infringement by Filtrol and Texaco of Mobil's Plank and Rosinski patents 3,140,249 (the '249 patent) and 3,140,253 (the '253 patent).

On November 4, 1966, Mobil commenced Civil Action 66-1779 by filing a complaint in the United States District Court for the Central District of California. This complaint averred infringement by Filtrol and Texaco of Mobil's Plank and Rosinski patent 3,271,418 (the '418 patent).

*Texaco is a nominal defendant. Filtrol has indemnified Texaco against any liability for infringement and Filtrol is paying the full expense incurred in conducting the defense of this litigation.

On November 16, 1966, the District Court consolidated Civil Actions 64-1572 and 66-1779.

On January 19, 1971, the consolidated California actions were assigned to the docket of District Judge Kelleher, the respondent. At that time, discovery in those actions had been completed, but a date for commencement of trial had not been set.

On March 8, 1971, the parties stipulated, with the approval of Judge Kelleher, to commencement of trial on October 25, 1971.

On September 20, 1971, at a pretrial conference, Judge Kelleher informed counsel that trial could not commence as scheduled, because he had not entered the October 25, 1971 date in his calendar. Judge Kelleher thereupon continued commencement of trial to March 14, 1972. That date was later continued by Judge Kelleher to April 18, 1972.

On February 15, 1972, Filtrol and Texaco filed a motion to stay proceedings in the consolidated California actions pending a decision on the merits in the Connecticut action. Trial of the Connecticut action, which involved Mobil's '249 and '253 patents,* had been concluded on December 17, 1971. The motion to stay was grounded primarily on this Court's opinion in *Blonder-Tongue* v. *University Foundation,* 402 U. S. 313 (1971). Based on that recent authority, a decision in the Connecticut action holding the '249 and '253 patents invalid would, in the absence of exceptional circumstances, entitle Filtrol and Texaco to judgment on the pleadings dismissing the complaints in the consolidated California actions with respect to those patents. And, because of the close relationship between the '249 patent and the '418 patent, a holding of invalidity with respect to the

*Mobil's complaint in the Connecticut action had alleged infringement also of its '418 patent, the third patent in suit in the consolidated California actions, but Mobil withdrew this patent with prejudice from the Connecticut action before trial.

'249 patent, would compel a judgment dismissing Mobil's complaint against Filtrol and Texaco for alleged infringement of the '418 patent also. *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 946 (2 Cir. 1957); *Mills Alloys* v. *Stoody Co.,* 94 F. 2d 413 (9 Cir. 1938). In an endeavor to conserve judicial resources and to eliminate the prospect of an unnecessary trial, Filtrol and Texaco voluntarily offered to be bound by a final adjudication in the Connecticut action favorable to Mobil with respect to validity of its patents.

On March 6, 1972, Mobil, implicitly agreeing that trial of the issue of validity of all three of its patents should be stayed pending a decision in the Connecticut action, filed a cross-motion for a separate trial limited to the patent infringement issues in the consolidated California actions.*

On March 24, 1972, after Filtrol's and Texaco's motion and Mobil's cross-motion had been briefed and argued, Judge Kelleher denied the former and granted the latter without opinion. Judge Kelleher's order, denying the motion and granting the cross-motion, is printed at pages 10A-11A of the appendix to this petition.

On April 11, 1972, Judge Kelleher denied an application by Filtrol and Texaco seeking to amplify his order of March 24, 1972 by including a provision allowing Filtrol and

*The office of a separate trial is to dispose of a complicated action on a simple, severable issue and thus to avoid a time-consuming, complicated trial, which would otherwise be unavoidable. A separate trial in a patent infringement action limited, at the instance of plaintiff, to the infringement issue does not satisfy any of these criteria. The infringement issue in a patent action is not a simple one (because it, like other patent issues, involves questions of technological fact); it is not a severable one (because it is inextricably intertwined with the issue of patent validity); and it does not dispose of a complicated case if it is decided in favor of the plaintiff (because the issue of validity remains to be tried). Furthermore, the infringement issues may never have to be tried in the consolidated California actions; if the decision on the validity issues in the Connecticut action is adverse to Mobil, the consolidated California actions will be disposed of by entry of a judgment on the pleadings.

Texaco to apply to the Court of Appeals for permission to take, pursuant to 28 U. S. C. § 1292(b), an immediate appeal from the portions of the District Court's order which denied Filtrol's and Texaco's motion to stay proceedings and granted Mobil's cross-motion for a separate trial limited to the issue of infringement.

On April 12, 1972, Filtrol and Texaco filed in the Court of Appeals for the Ninth Circuit a petition for a writ of mandamus, requesting a direction that Judge Kelleher stay proceedings in the consolidated California actions pending a decision on the merits in the Connecticut action. That petition is printed at pages 12A-13A of the appendix to this petition. Concurrently, Filtrol and Texaco filed a motion requesting the Court of Appeals to stay trial (scheduled to commence on April 18) of the infringement issue in the consolidated California actions, pending a ruling on the petition for a writ of mandamus.

On April 17, 1972, the Court of Appeals (Koelsch and Browning, JJ.) granted Filtrol's and Texaco's motion to stay the trial and ordered Judge Kelleher to answer Filtrol's and Texaco's petition by April 27, 1972.* Judge Kelleher declined to appear (Rule 21(b), F. R. A. P.), and Mobil answered in his stead. Oral argument was had on July 14, 1972, and on September 21, 1972, the Court of Appeals (Duniway, Goodwin and Wallace, JJ.) denied the petition for a writ of mandamus and dissolved the stay entered by Judges Koelsch and Browning. On November 6, 1972, Judge Kelleher scheduled trial, limited to the issue of infringement, for January 16, 1973.

Jurisdiction of the Courts Below

Jurisdiction of the United States Court of Appeals for the Ninth Circuit over Filtrol's and Texaco's petition for

*This order is printed at page 14A of the appendix to this petition.

a writ of mandamus was grounded on 28 U. S. C. § 1651(a).

Jurisdiction of the United States District Court for the Central District of California over Mobil's action under 35 U. S. C. § 281 for alleged patent infringement by Filtrol and Texaco was grounded on 28 U. S. C. § 1338(a).

ARGUMENT

1. The Court of Appeals Sanctioned a Clear Abuse of Discretion

The logic of Filtrol's and Texaco's motion to stay proceedings in the consolidated California action pending a decision on the merits of the Connecticut action is self-evident. In these days of crowded dockets and excessive demands on judicial resources, it does not make sense from the standpoint of the Federal Court system, from the standpoint of the litigants, or from the standpoint of counsel to try any part of an action for alleged patent infringement which may never have to be tried at all.

Each of the considerations which this Court articulated in *Blonder-Tongue* v. *University Foundation*, 402 U. S. 313 (1971) in support of its conclusion that a patentee not be permitted to litigate the validity of a patent once held to be invalid applies with equal force and persuasion to the facts of this case. These considerations compel the conclusion that the consolidated California actions before Judge Kelleher should have been, and should now be, stayed pending the outcome of the Connecticut action:

a. The impact of crowded dockets on the public interest in efficient judicial administration (402 U. S. at 328, 348-49)

The docket of the United States District Court for the Central District of California is, like the docket of many other Courts, crowded. Plainly, Judge Kelleher

will not ameliorate that situation by trying, in whole or in part, what is potentially an unnecessary patent case.

b. The misallocation of resources consequent to relitigation of a decided issue (402 U. S. at 329, 334-38)

If trial of the consolidated California actions is not stayed, Mobil will be expending funds in litigation on behalf of patents whose validity is already *sub judice*. More disturbingly, Mobil will be forcing Filtrol to divert its funds to litigation of patents with respect to which, because they may be invalid, Filtrol may have no justiciable interest. Certainly, there are more worthwhile endeavors to which both Mobil and Filtrol can devote their resources.

c. The anti-competitive impact of relitigation of invalid patents (402 U. S. at 338-48)

If Filtrol settles with Mobil rather than going to trial in this second suit against it* for alleged infringement of Mobil patents, such a settlement will have several undesirable economic consequences. Primarily, it will result, at least for the time being, in the extraction from Filtrol and from Filtrol's customers of royalties under patents which may not satisfy the Congressionally-imposed criteria for patentability. Secondarily, such a settlement will provide Mobil with another licensee to whom Mobil would surely point in the Connecticut

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*Mobil has asserted six closely-related patents against Filtrol and Texaco. The first suit to go to trial was one commenced in 1969. It involved three Mobil patents not in suit in the consolidated actions before Judge Kelleher. Trial of this action took place during the summer of 1970, and in January of 1971, the Honorable Warren J. Ferguson, United States District Judge, held that Filtrol and Texaco had not infringed Mobil's patents and dismissed Mobil's complaint. That case is now before the Court of Appeals for the Ninth Circuit.

action as one who had recognized the "merit" and thus the validity of Mobil's patents.

The opinion of the Court of Appeals virtually ignores *Blonder-Tongue,* and does not even pay lip service to the important considerations iterated in *Blonder-Tongue* against spending time and money in the cause of invalid patents. The opinion does not even attempt to reconcile these considerations with Judge Kelleher's decision to press forward to trial.

The only acknowledgment by the Court of Appeals that *Blonder-Tongue* and the co-pendency of the Connecticut action might provide a basis for staying the consolidated California actions is its passing reference to the practice of staying patent infringement actions pending decision in co-pending patent interference proceedings:

> "Trial courts in patent infringement actions have often [*] stayed proceedings in those actions until a pending administrative interference proceeding resolves the priority of various claimants to the invention in question. *Childers Foods, Inc.* v. *Rockingham Poultry Market Co-op.*, W. D. Va., 1962, 203 F. Supp. 794; *Research Corp.* v. *Radio Corporation of America,* D. Del. 1960, 181 F. Supp. 709. If the decision in the interference proceeding were to go against the party claiming the patent in the court action, then there would be no necessity for

*This is an understatement of the generality of the practice. We are not aware of any reported decision, subsequent to the enactment of 35 U. S. C. § 135(a) (providing for cancellation of losing interference party's patent claims), in which a stay of a patent infringement action pending an interference was refused. The only unreported decision refusing such a stay of which we are aware was reversed in *ACF Industries, Incorporated* v. *Guinn*, 384 F. 2d 15, 19-21 (5 Cir. 1967).

> a trial, since that party would no longer be the holder of an arguably valid patent. An erroneous refusal to grant a stay pending the outcome of an interference proceeding, which amounts to a clear abuse of the district judge's discretion, will be corrected by the Court of Appeals through a writ of mandamus. *ACF Industries, Inc.* v. *Guinn, supra.*" *Infra,* p. 4A.

Even apart from the strong considerations explicated by this Court in *Blonder-Tongue,* we submit that the sound rationale which compels staying a patent infringement action during an interference proceeding also compels staying a patent infringement action when a co-pending infringement action, *sub judice* in another Federal Court, may eliminate the patentee's cause of action.

In reaching its conclusion that Judge Kelleher did not commit "such an unreasonable exercise of judgment as to be an abuse of discretion" the Court of Appeals tried to strike a "balance" between the common sense of not trying a case which may not have to be tried and several other "circumstances" (*infra,* p. 6A).

The principal defect in the balancing approach adopted by the Court of Appeals is that it did not give weight to the controlling considerations catalogued by this Court in *Blonder-Tongue.*

A secondary defect in the Court of Appeals' approach is that none of the "factors" or "circumstances" which the Court balanced against the common sense of not going forward is, on analysis, a sound "factor" or "circumstance." The Court of Appeals was wrong when it said (*infra,* p. 5A) that "the pendency of the Connecticut action does not guarantee that the validity issue will not ultimately have to be tried in the California action." If Mobil loses in Connecticut on the issue of validity, *Blonder-Tongue* will

estop Mobil,* and if Mobil prevails on that issue in Connecticut, Filtrol's and Texaco's offer to be bound by such a result (an offer the Court of Appeals elided to mention) will disqualify them from litigating validity in California. The Court of Appeals was wrong also when it implied (*infra*, p. 6A) that there were "seven years of delay" in getting the consolidated California actions to trial, and that Filtrol and Texaco were responsible for that delay. The consolidated California actions were not set for trial until 1971 because Mobil pressed successfully to have the action pending before Judge Ferguson tried first (*supra*, p. 8n). Furthermore, far from resisting trial in the consolidated actions pending before Judge Kelleher, Filtrol and Texaco stipulated to the first trial setting made in those cases. Filtrol and Texaco moved to stay the consolidated California actions only after two intervening events had occurred, namely, vacation of Judge Kelleher's first trial setting and trial and submission of the Connecticut action.

The Court of Appeals was wrong once more when it accorded weight (*infra*, p. 6A) to the fact that "the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil" was "brought into

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*Counsel for Mobil has acknowledged that the narrow exceptions to *Blonder-Tongue* probably would not apply here.

> "[COUNSEL FOR FILTROL AND TEXACO]: . . . The first holding of invalidity operates to estop the patent owner from continuing to litigate that patent.
>
> "Now, if the District Court in Connecticut held the patents invalid and then the Second Circuit Court of Appeals reversed and held the patents valid, then of course Blonder-Tongue would no longer apply. But during the time that those patents are held invalid by the District Court the patent owner under Blonder-Tongue is estopped from litigating those patents in another district.
>
> * * *
>
> "[COUNSEL FOR MOBIL]: I concur. There are certain exceptions, but I doubt that they would apply here. . . ."

question." For such a fact to have any weight it should have been proven, or at least supported by some evidence, and not just "brought into question" by Mobil's counsel. And even if it be assumed, *arguendo*, that this "fact" was proven, we submit that it should militate towards a stay, rather than towards a potentially unnecessary trial. As this Court pointed out in *Blonder-Tongue*, one of the compelling reasons why relitigation of invalid patents had to be halted was that such relitigation permitted a wealthly patentee to use such patents in an anti-competitive fashion to harass less prosperous, alleged infringers who might not have been in a position to contest the patentee's claims (402 U. S. at 334-48). The same logic compels a temporary stay of the consolidated California actions and a halt to Mobil's further harassment of Filtrol pending the decision in the Connecticut action.

Mobil is entitled to a "day in Court" to test the validity of its patents (402 U. S. at 340). It had that day in the Connecticut action. If the decision in the Connecticut action is such that Mobil is entitled to other days against other alleged infringers because its patents are valid, so be it. But until and unless such a decision is rendered by the Connecticut District Court, no public interest is served by allowing Mobil to waste valuable Court time, and to assert against Filtrol and Texaco what may soon be invalid patent claims.

Judge Kelleher committed a clear abuse of discretion when he refused to stay the trial of the consolidated California actions. In doing so, he knocked a gaping hole in *Blonder-Tongue's* salutary proscription against relitigation of invalid patents. If the course adopted by Judge Kelleher and endorsed by the Court of Appeals is not checked by this Court, resourceful patentees will be able to evade the safeguards erected in *Blonder-Tongue* by pressing their multiple actions to trial concurrently—or,

as Mobil has, in such close sequence that another is tried before the first is decided.

By declining to issue a writ of mandamus, the Court of Appeals sanctioned Judge Kelleher's clear abuse of discretion and placed its imprimatur on his derogation of *Blonder-Tongue*. A writ of certiorari should issue to correct Judge Kelleher's clear abuse of discretion and to extirpate at its incipiency Judge Kelleher's exception to the rule of *Blonder-Tongue* which will, practically speaking, otherwise become the rule.

2. The Court of Appeals Departed from the Accepted and Usual Course of Judicial Proceedings When It Elected to Express No Opinion on a Question of First Impression Regarding a Significant Problem of Judicial Administration

A writ of certiorari should issue to review the Court of Appeals' disposition of Filtrol's and Texaco's petition for a writ of mandamus for the additional reason that the Court elected, after considerating what it believed to be "the various competing factors," to "express no opinion on whether [Judge Kelleher's] order [denying Filtrol's and Texaco's application for a stay] was in fact the optimal balance" (*infra*, p. 6A). The "optimal balance" would have been a stay of the consolidated California actions, and the Court of Appeals should have said so. Its election not to say so was, in and of itself, a departure from the accepted and usual course of judicial proceedings.

One office of a writ of mandamus is to serve a "didactic function," *Will* v. *United States*, 389 U. S. 90, 107 (1967), enabling the Courts of Appeals to discharge their responsibility of "supervisory control of the District Courts [which] is necessary to proper judicial administration in the federal system." *La Buy* v. *Howes Leather Co.*, 352 U. S. 249, 259-60 (1957).

In declining to provide any guidance with regard to the basic question raised by Filtrol's and Texaco's petition, the Court of Appeals for the Ninth Circuit did not discharge its supervisory responsibility. In adopting a policy of deference in the face of a question of first impression after *Blonder-Tongue*, the Court also put itself in conflict with the Courts of Appeals for the First Circuit, the Second Circuit and the Sixth Circuit.

In re Ellsberg, 446 F. 2d 954 (1 Cir. 1971) (petition for writ of mandamus denied):

> "The case law provides some help in giving contour to 'extraordinary circumstances'. One category of cases involves a 'clear abuse of discretion'. . . .
>
> "A second category of cases where mandamus has been deemed appropriate concerns those in which the writ has been used 'to confine an inferior court to a lawful exercise of its prescribed jurisdiction or to compel it to exercise its authority when it is its duty to do so.' *Roche* v. *Evaporated Milk Assn.*, 319 U. S. 21, 26, 63 S. Ct. 938, 941, 87 L. Ed. 1185 (1943), quoted with approval in *Will* v. *United States, supra*, 389 U. S. at 95, 88 S. Ct. 269. . . .
>
> "Arguably, however, this case falls within the final category of supervisory writs of mandamus, those raising *important issues of first impression. Schlagenhauf* v. *Holder, supra*, 379 U. S. at 110, 85 S. Ct. 234. . . ." *Id.* at 956.

Investment Properties International, Ltd. v. *IOS, Ltd.*, 459 F. 2d 705 (2 Cir. 1972) (petition for writ of mandamus granted):

> "Judge Bonsal clearly had the power to vacate plaintiffs-petitioners' notices of deposition. Fed. R.

> Civ. P. 26(c)(1). Nevertheless, *the issue here is one of first impression,* and the vacation reveals, through its consequences, an abuse of discretion. . . ." *Id.* at 707.

United States v. *United States Dist. Ct. for E. D. of Mich.*, 444 F. 2d 651 (6 Cir. 1971), affirmed 407 U. S. 297, 301 n.3 (1972) (petition for writ of mandamus denied):

> "If this were not enough to occasion our deciding this case on the merits rather than on procedural grounds, it also clearly appears that the issue posed here is a basic issue which has never been decided at the appellate level by any Court. It has been decided favorably to the government's position by two District Courts and adversely to the government by two others. The Courts of Appeals have the power to review by mandamus *'an issue of first impression,' Schlagenhauf* v. *Holder,* 379 U. S. 104, 110, 85 S. Ct. 234, 13 L. Ed. 2d 152 (1964), involving a 'basic and undecided problem.' *Id.* at 110, 85 S. Ct. 234." 444 F. 2d at 655-56.

The practice of dealing with, and resolving, important administrative questions of first impression is plainly more desirable than a practice of expressing "no opinion." A writ of certiorari should issue to place the practice of the Court of Appeals for the Ninth Circuit in conformity with the practice of other Courts of Appeals and to ensure against the future delegation of the decision of such questions to this Court.

CONCLUSION

This petition presents straightforward, but significant, current questions with respect to the proper course and administration of judicial proceedings in the United States District Courts and the United States Court of Appeals.

A writ of certiorari should issue to correct the abuse of discretion committed by the respondent District Judge when he decided to try a patent infringement case which may never have to be tried and to forestall the inevitability, contrary to the philosophy of this Court's opinion in *Blonder-Tongue,* of similar abuses on similar facts in other Courts. It should issue also to temper the questionable deference displayed by the Court of Appeals for the Ninth Circuit in the face of a basic question of first impression.

Respectfully submitted,

WILLIAM K. KERR
Attorney for Petitioners
277 Park Avenue
New York, New York 10017

November 17, 1972

Opinion of Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

[September 21, 1972]

On Petition for Writ of Mandamus

Before: DUNIWAY, GOODWIN and WALLACE, Circuit Judges

DUNIWAY, Circuit Judge:

Filtrol Corporation and Texaco, Inc., defendants in a patent infringement action brought by Mobil Oil Corporation in the district court for the Central District of California, petition this court for a writ of mandamus directing the district judge (1) to vacate his order denying a stay of the proceedings pending the outcome of similar litigation in the district court for the District of Connecticut and granting Mobil's motion for a separate trial limited solely to the issue of patent infringement and (2) to enter an order staying proceedings in the California action until a decision has been rendered on the merits in the Connecticut case. Because we find the judge's order to have been a lawful exercise of his considerable discretion in these matters, we deny the petition.

Opinion of Court of Appeals

Facts

Mobil Oil Corporation filed two separate actions (which were later consolidated) in the District Court for the Central District of California in 1964 and 1966, alleging infringement by Filtrol and Texaco of three patents held by Mobil. Mobil filed a similar suit, involving the same patents, against W. R. Grace & Co. in the district court in Texas; that action was later transferred to the District of Connecticut, where it was tried beginning on November 16, 1971, as to two of the three patents (the third patent having been withdrawn with prejudice from the suit). No decision has yet been rendered by the district court in Connecticut.

On February 11, 1972, Filtrol and Texaco asked the district court in the California action to stay all proceedings pending the outcome of the Connecticut action, arguing that a decision there that Mobil's patents are invalid would be binding in the California case under the doctrine of *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation*, 1971, 402 U. S. 313, and that thus the necessity of any trial in the California case might be eliminated. The court denied the stay and instead ordered an immediate trial limited to the issue of infringement, awaiting the Connecticut court's determination of the validity issue. Petitioners asked the judge to certify an appeal of his order under 28 U. S. C. § 1292(b), but that request was denied. This petition for a writ of mandamus followed.

Availability of Mandamus

Although writs of mandamus are among "the most potent weapons in the judicial arsenal" and therefore should be sparingly used only in extraordinary circumstances amounting to a "judicial usurpation of power," *Will* v.

United States, 1967, 389 U. S. 90, 95, 107, the writ is available to correct a district judge's abuse of discretion. *La Buy* v. *Howes Leather Co.*, 1957, 352 U. S. 249, 256-57; *CMAX, Inc.* v. *Hall*, 9 Cir., 1962, 300 F. 2d 265, 268; *Chronicle Publishing Co.* v. *National Broadcasting Co.*, 9 Cir., 1961, 294 F. 2d 744, 746-47. Thus the only question we need decide is whether the judge abused his discretion.

1. DENIAL OF THE STAY.

The district court has the power to issue the stay requested by petitioners. As this court has held,

> "A district court has inherent power to control the disposition of the causes on its docket in a manner which will promote economy of time and effort for itself, for counsel, and for litigants. The exertion of this power calls for the exercise of a sound discretion. Where it is proposed that a pending proceeding be stayed, the competing interests which will be affected by the granting or refusal to grant a stay must be weighed. Among these competing interests are the possible damage which may result from the granting of a stay, the hardship or inequity which a party may suffer in being required to go forward, and the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay. See *Landis* v. *North American Co.*, 1936, 299 U. S. 248, 254-55." *CMAX, Inc.* v. *Hall, supra*, at 268.

The propriety of a grant or denial of such a stay may be tested in the Court of Appeals by way of mandamus. *Id.* *ACF Industries, Inc.* v. *Guinn*, 5 Cir., 1967, 384 F. 2d 15, 18.

Trial courts in patent infringement actions have often stayed proceedings in those actions until a pending administrative interference proceeding resolves the priority of various claimants to the invention in question. *Childers Foods, Inc.* v. *Rockingham Poultry Market Co-op.*, W. D. Va., 1962, 203 F. Supp. 794; *Research Corp.* v. *Radio Corporation of America*, D. Del. 1960, 181 F. Supp. 709. If the decision in the interference proceeding were to go against the party claiming the patent in the court action, then there would be no necessity for a trial, since that party would no longer be the holder of an arguably valid patent. An erroneous refusal to grant a stay pending the outcome of an interference proceeding, which amounts to a clear abuse of the district judge's discretion, will be corrected by the Court of Appeals through a writ of mandamus. *ACF Industries, Inc.* v. *Guinn*, *supra*.

Petitioner argues that this judicial policy of staying court proceedings pending the outcome of an administrative patent proceeding should be extended to require a stay when there is a pending court action in another district which will determine the issue of validity of the patent. The argument is based upon the Supreme Court's holding in *Blonder-Tongue*, *supra*, that a defendant in a patent infringement suit may rely on the affirmative defense of collateral estoppel to prevent the plaintiff from asserting the validity of a patent which has been found invalid by another federal court. In the context of this case, petitioner argues that because a finding of the invalidity of Mobil's patents by the court in Connecticut would destroy the basis for Mobil's claims in the California suit, the judge should have issued a stay and awaited the outcome of the Connecticut suit.

The question before us is not whether we think that the judge should or should not have granted the stay, but

whether his refusal to do so was abuse of discretion. After carefully reviewing the record, we cannot say that the denial of the stay amounted to such an abuse. *Blonder-Tongue* does not require that a district court with a justiciable controversy before it await the outcome of a pending action in another district. *See Patentex, Inc.* v. *Manhattan Hosiery Corp.*, D. P. R., 1971, ... F. Supp. ....., 171 U. S. P. Q. 693. *Blonder-Tongue* only permits the defense of collateral estoppel to be raised once the issue of patent validity has already been *decided* in another court against the party claiming the patent; that has not occurred here.

Moreover, the pendency of the Connecticut action does not guarantee that the validity issue will not ultimately have to be tried in the California action. This is because *Blonder-Tongue* will apply only if the issue of validity is decided against Mobil in the Connecticut case. If the patents are held valid in that case, petitioners could retry the issue in the California case. Also, if the patents are held invalid in the Connecticut case, Mobil could still attempt to show, in the California case, that it "did not have 'a fair opportunity procedurally, substantively and evidentially to pursue [its] claim the first time'" in the Connecticut case. *Blonder-Tongue, supra,* 402 U. S. at 333.

Nevertheless, in an effort to conserve judicial resources and avoid unnecessary duplication, the judge postponed consideration of the validity question under submission to the court in Connecticut on the ground that a decision in that court against Mobil would provide petitioners with a defense to this section.

However, with full recognition of the effect of *Blonder-Tongue* and the other competing considerations, the judge

also decided that granting a stay of all proceedings would not promote "economy of effort for [the court], for counsel, and for litigants." *Landis* v. *North American Co.*, 1936, 299 U. S. 248, 254-55. Rather, that end would best be served by proceeding with a trial on the issue of infringement alone. He had before him a record which detailed seven years of delay, during which petitioners continued to reap the benefits of their alleged infringement of Mobil's claimed patents, which brought into question the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil, and which revealed other relevant considerations. While we express no opinion on whether the judge's order was in fact the optimal balance of the various competing factors, we find that in the circumstances of this case, his refusal to stay all proceedings pending the outcome of litigation in the Connecticut court was not such an unreasonable exercise of judgment as to be an abuse of discretion.

2. SEPARATE TRIAL ON INFRINGEMENT ISSUE.

Pursuant to Rule 42(b), F.R.Civ.P., the judge ordered a separate trial on the issue of infringement alone, leaving for later determination in light of the outcome of the Connecticut action the validity issue. To effect the purposes of Rule 42(b), the trial court must, of course, be given considerable discretion in determining what is "in furtherance of convenience or [will] avoid prejudice" or what "will be conducive to expedition and economy." Rule 42(b); *Rossano* v. *Blue Plate Foods, Inc.*, 5 Cir., 1963, 314 F. 2d 174, 176, *cert. denied*, 375 U. S. 866. In exercising that discretion, courts have ordered separate trials for various

issues in patent infringement actions,[1] including instances in which the issue of validity was separated from the issue of infringement.[2] In *Woburn DeGreasing Co. of N. J.* v *Spencer Kellogg & Sons,* W. D. N. Y., 1941, 37 F. Supp. 311, the court ordered a separate trial on the issue of validity of the patent. "Within its sound discretion the court has a right to order separate trials on issues of validity and infringement in patent suits. Sound discretion must be based on considerations of convenience and prejudice as respects the several parties." 37 F. Supp. at 312. *Woburn* has been cited with approval in a number of subsequent decisions; *see, e.g., Reines Distributors, Inc.* v. *Admiral Corp.,* S. D. N. Y., 1965, 257 F. Supp. 619, 621.

In *Foster Grant Co., Inc.* v. *Polymer Corp.,* E. D. Pa., 1960, 185 F. Supp. 619, the court limited the trial initially to the question of infringement: "While this Court recognizes that generally it is the better practice and more in the public interest to resolve the issue of validity of a patent, as well as the issue of infringement, rather than leave the patent remain as a 'scarecrow in the art,' this is not an

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[1]*See generally Cataphote Corp.* v. *DeSoto Chemical Coatings, Inc.,* 9 Cir., 1966, 356 F. 2d 24, 27 n. 5, *cert. denied,* 385 U. S. 832 (patent invalidity because of public use or sale more than one year prior to the application); *Laitram Corp.* v. *Deepsouth Packing Co.,* E. D. La., 1968, 279 F. Supp. 883 (issue of estoppel); *McFarlane* v. *Resenite Corp.,* N. D. Ill., 1967, 273 F. Supp. 224 (issue of correctness of decision of Board of Patent Interference); *Aldridge* v. *General Motors Corp.,* S. D. Cal., 1959, 178 F. Supp. 839 (defense of file wrapper estoppel); *Air King Products Co., Inc.* v. *Hazeltine Research Inc.,* E. D. N. Y., 1950, 10 F. R. D. 381 (issue of validity and enforceability of patent licensing agreement). *Cf. Richmond* v. *Weiner,* 9 Cir., 1965, 353 F. 2d 41, 44-45 (issue of sufficiency of plaintiff's title to maintain a copyright action).

[2]Likewise courts have refused on occasion to order separate trials on the issues of patent infringement and validity. *Conmar Products Corp.* v. *Lamar Slide Fastener Corp.,* S. D. N. Y., 1942, 50 F. Supp. 1019

absolute rule. There are undoubtedly situations in which it is appropriate to withold a finding as to validity of a patent where non-infringement is established. See Belanger & Sons v. Brisk Waterproofing Co., D. C. D. Mass., 1954, 116 F. Supp. 127, and cases there cited. We think the present case may well present such a situation." 185 F. Supp. at 621.

Likewise, in this action, a finding by the court of non-infringement would end the matter, the court could dispose of the case without having to await the outcome of the Connecticut action. Moreover, the issue of validity has already been tried in another case. Thus there is here little danger that the patents, if invalid will remain as "scarecrows in the art."

Petitioners argue, however, that if infringement is found, no final judgment can be entered until the question of validity is determined. From this, they reason that a separate trial on the infringement issue alone is unconstitutional as lacking a genuine controversy. The contention is without merit: nothing in the Constitution requires that all issues necessary to the final disposition of a "case or controversy" be heard and determined at a single sitting. We agree with the Fifth Circuit in *Rossano* v. *Blue Plate Foods, Inc., supra,* 314 F. 2d at 176:

> "The validity of the trial Court's call for limited trial is not dependent, of course, on the actual conclusion of the entire case on that single issue. In limiting the proof to one matter, there is never a requirement that the Court's recognition of serious issues before trial be ultimately resolved after such trial in favor of the party who first suggested the existence of the issue. It is enough that there be on record at the time a substantial issue of fact which,

> if determined in favor of defendant, will eliminate expense for all concerned without prejudicing the rights of the parties."

We cannot label as clear error or an abuse of discretion the judge's conclusion that this is a case in which a separate trial of one issue is appropriate, by considering convenience, economy, and expediency. Certainly his decision is not constitutionally infirm.

The petition is denied. The stay heretofore ordered by this court is dissolved.

Order of Respondent

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

MOBIL OIL CORPORATION, *Plaintiff,* v.	CIVIL No. 64-1572-RJK
FILTROL CORPORATION, TEXACO, INC., *Defendants.*	CIVIL No. 66-1779-RJK

[MARCH 24, 1972]

ORDER DENYING DEFENDANTS' MOTION TO STAY PROCEEDINGS AND GRANTING PLAINTIFF'S MOTION TO LIMIT THE ISSUES AT TRIAL

These matters came on for hearing on March 13, 1972, on defendants' motion to stay these proceedings pending the entry of judgment by the United States District Court for the District of Connecticut in *Mobil Oil Corporation* v. *W. R. Grace & Co.,* Civil Action No. 14,589, and plaintiff's motions: (A) to limit trial in these cases to the issue of infringement of the three patents here in suit and to be bound on the issues of validity and enforceability by the decision of the District Court in *Mobil Oil Corporation* v. *W. R. Grace & Co., supra,* or, alternatively, (B) to limit trial in these cases to the issue of infringement of the three patents here in suit and to stay trial on the remaining issues pending determination of infringement.

The Court having heard the argument of counsel, having taken the motions under submission, being fully advised

and upon the representations of counsel that a mutually satisfactory proposed Pretrial Conference Order, limited to the issue of infringement and in full compliance with Local Rule 9 of the Local Rules of the Central District of California, can be mutually agreed upon, prepared, served and lodged not later than April 11, 1972,

IT IS ORDERED:

1. That defendants' motion to stay proceedings in these cases be and the same is hereby denied;

2. That plaintiff's motion to limit trial in these cases to the issue of infringement and to be bound on the issues of validity and enforceability by the decision in *Mobil Oil Corporation* v. *W. R. Grace & Co., supra,* be and the same is hereby denied; and

3. That plaintiff's motion to limit trial in these cases to the issue of infringement and to stay trial on the remaining issues pending determination of infringement be and the same is hereby granted.

IT IS FURTHER ORDERED that the Clerk of the Court send, by United States mail, copies of this Order to all counsel herein.

DATED: March 24, 1972

ROBERT J. KELLEHER
Robert J. Kelleher
United States District Judge

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

PETITION FOR WRIT OF MANDAMUS

Filtrol Corporation and Texaco Inc. petition this Court for a Writ of Mandamus directing the Honorable Robert J. Kelleher, United States District Judge, to:

(1) Vacate the portions of the order entered by him on March 24, 1972 in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* consolidated Civil Actions 64-1572 and 66-1779 in the United States District Court for the Central District of California, which: (a) denied the motion of Filtrol Corporation and Texaco Inc. to stay proceedings in those consolidated actions, and (b) granted the motion of Mobil Oil Corporation for a separate trial in those consolidated actions limited to the issue of patent infringement; and

(2) Enter an order in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* consolidated Civil Actions 64-1572 and 66-1779 in the United States District Court for the Central District of California, staying proceedings

in those consolidated actions pending a decision on the merits by the United States District Court for the District of Connecticut in the related case of *Mobil Oil Corporation* v. *W. R. Grace & Company,* Civil Action 14,589 now under submission to that Court.

Filtrol and Texaco are filing concurrently with this petition a Memorandum in Support.

Respectfully submitted,

THELEN, MARRIN, JOHNSON & BRIDGES

By JOHN G. FLETT
John G. Flett
Attorneys for Petitioners

Of Counsel:

William K. Kerr
Fish & Neave
277 Park Avenue
New York, New York 10017

April 12, 1972

Order of Court of Appeals Staying Trial Pending Determination of Petition for Writ of Mandamus

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

Before: KOELSCH and BROWNING, Circuit Judges

ORDER [April 17, 1972]

Filtrol Corporation and Texaco, Inc. have filed "Motion for Order Granting Leave to File Petition for Writ of Mandamus and Petition for Writ of Mandamus."

Treating said moving papers simply as a petition for Writ of Mandamus—leave to file being no longer necessary (Rule 21(a) F. R. App. P.), and good cause appearing,

IT IS ORDERED that respondent, The Honorable Robert J. Kelleher as United States District Judge [Mobil Oil Corp., real party in interest] answer the said petition by not later than Thursday, April 27, 1972; that pending determination of the said application for writ, trial of consolidated civil causes Nos. 64-1572 and 66-1779 in the United States District Court, for the Central District of California, is stayed.

M. OLIVER KOELSCH
JAMES M. BROWNING
United States Circuit Judges